FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION

PENSION NEWS CLIPS APRIL 2025 ON FLORIDA PENSION ISSUES
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New York City Pension Funds Plan to Sue Tesla Over Musk's DOGE Leadership
By Jeffery C. Mays, NY Times, April 1, 2025
The head of New York City's pension funds called for a shareholder lawsuit against Tesla, accusing Elon Musk, its chief executive, of causing the company's shares to plunge because of his actions to slash spending and the federal work force as head of the Trump administration's cost-cutting effort. In a letter sent to the New York City Law Department and reviewed by The New York Times, Brad Lander, the comptroller who oversees the city's five public pension funds, said the highly contested cost-cutting measures by Mr. Musk's initiative, the Department of Government Efficiency, are hurting Tesla's stock. He accused Mr. Musk, the world's richest person, of "effectively quitting his job at Tesla" and "promoting policies" that have been harmful to Tesla's business. As a result, the letter said, the value of the pension system's Tesla holdings has dropped by 34 percent from Dec. 31 to March 28, to $831 million from $1.26 billion.

Tuberville, Donalds Renew Push for Crypto in 401(k) Plans
By Paul Mulholland, NAPA, April 2, 2025
Sen. Tommy Tuberville (R-Ala.) and **Rep. Byron Donalds (R-Fla.)** reproposed the Financial Freedom Act. The legislation would prohibit the Secretary of Labor from restricting the investments available in self-directed 401(k) brokerage windows. The legislation says that in the case of a "pension plan that provides for individual accounts and permits a participant or beneficiary to exercise control over the assets" in a brokerage account, the Department of Labor (DOL) cannot constrain "the range or type of investments that may be offered." The bill also prohibits the DOL from preventing "a fiduciary from selecting, any particular type of investment alternative, provided that a fiduciary provides the participant or beneficiary an opportunity to choose, from a broad range of investment alternatives," nor can the DOL require that any "particular type of investment be either favored or disfavored, other than on the basis of the investment's risk-return characteristics." This legislation is promoted as being pro-crypto. Tuberville explained in 2022 that "The Financial Freedom Act would preserve the ability of retirement savers to invest their 401(k) funds as they see fit — including investments in cryptocurrency."

Large pension plans take different approaches to U.S. and non-U.S. equities
By Larry Rothman, P&I, April 2, 2025
Large U.S. pension plans allocated most of their U.S. equity, 71%, to passive investments, based on responses to Pensions & Investments' annual top 1,000 retirement plan sponsor survey. Conversely, these plans primarily invested their non-U.S. and global equity dollars actively, 62% and 60%, respectively. Over time, the portion of U.S. equity investments allocated to active strategies has declined. A decade ago, 42% of the pension funds' U.S. equity assets were invested actively. That dropped to 34% in 2019 and 29% last year.

Judge issues momentous ruling that will impact billions of dollars in pension funds: 'Important victory'
By Kritiksha Sharma, Yahoo News, April 5, 2025
A major legal victory has reaffirmed the power of New York City's pension funds to prioritize smart, forward-thinking investments. The case was brought by four current and former city employees who claimed that the pension funds — representing teachers, public employees, and Board of Education staff — violated their fiduciary duties by shifting away from dirty fuel investments. However, in a unanimous 5-0 ruling, the appellate division of

the New York State Supreme Court dismissed the lawsuit, stating "the plaintiffs' arguments are speculative" and lacked evidence of financial harm. Their decision to divest from dirty fuels aligns with a growing recognition that these investments are no longer as reliable as they once seemed. While oil and gas companies have historically been profitable, long-term trends indicate that they're struggling to compete with clean energy alternatives that continue to grow in market value. This ruling reinforces that pension fund trustees — who are accountable to the public — have the power to make investment decisions that reflect economic realities. With dirty fuels on shaky financial ground and renewables continuing to expand, NYC's move away from planet-harming investments is both environmentally conscious and a sound financial strategy.

Both spouses must consent to 401(k) withdrawals, says new legislation introduced in House, Senate

By Lynn Cavanaugh, ALM Benefits Pro, April 04, 2025
Lawmakers in the House and Senate have re-introduced legislation that would create protections for spouses who have a 401(k) plan. The Women's Retirement Protection Act (WPRA) of 2025 would require the consent of both partners in order to take out a 401(k) loan or distribution. Under current law, one spouse can withdraw 401(k) funds without the other's knowledge. House Representative Lauren Underwood (D-IL) and Senator Tammy Baldwin (D-WI) reintroduced the legislation to help close the retirement gap and improve women's financial security. The Federal Thrift Savings Plan already requires spousal consent for almost all distributions.

U.S. corporate pension funding ratios drop in March but stay above 100% — 2 reports

By Rob Kozlowski, P&I, April 4, 2025
U.S. corporate pension funding ratios dropped in March, primarily due to negative investment returns for the period, according to estimates from Wilshire Advisors and Legal & General Investment Management America. Wilshire estimated the aggregate funding ratio of U.S. corporate plans was 103% as of March 31, a drop of 1 percentage point from 104% as of Feb. 28. The overall drop in funding ratio, which includes a rounding error, was driven by a drop in asset values of 2.2 percentage points, partially offset by a decrease in liability values totaling 1.3 percentage points,

How one pension fund has stayed fully funded for 16 years running

By Josh Welsh, BPM, March 25, 2025
One of Canada's largest defined benefit pension plans just announced its sixteenth consecutive year of fully funded status. The OPSEU Pension Plan Trust Fund (OPTrust) manages over $26 billion with an investment return of 9.6 per cent in the past year. Lindley is the President and CEO of OPTrust, explained how the fund achieved this consistent funded status, some of the challenges his team have had to navigate, and what other pension fund managers can take from his team's approach. The fund's strategy is rooted in strict risk awareness and budgeting as well as liability matching all underpinned by a diversified portfolio designed to perform across market cycles. The investing strategy is rooted in liability awareness and built around a total portfolio approach. The focus is on matching liabilities through careful diversification. OPTrust tailors allocation across private equity, infrastructure, and real estate. However, he underscored his belief that the approach works across market cycles because of its flexibility. If private allocations are concentrated in a specific geography or sector, public market exposures are adjusted to compensate.

S&P 1500 Pension Funded Status Decreased by Two Percent in March

Mercer, April 7, 2025
The estimated aggregate funding level of pension plans sponsored by S&P 1500 companies decreased by two percent in March 2025 to 103 percent as a result of a decrease in equities partially offset by an increase in discount rates. As of March 31, 2025, the estimated aggregate surplus of $40 billion USD decreased by $43 billion USD compared to a surplus of $83 billion USD measured at the end of February according to Mercer,1 a business of Marsh McLennan. The S&P 500 index decreased 5.75% percent and the MSCI EAFE index decreased 0.90% percent in March. Typical discount rates for pension plans as measured by the Mercer Yield Curve increased from 5.35 percent to 5.48 percent.

Alabama Retirement Systems: Trump's policies don't work for pension funds

By Sarah Rundell, Top 1000 Funds, April 8, 2025

The volatility triggered by making major decisions and then "changing your mind a day or two later" doesn't work for pension funds. In a sharply critical address of the Trump administration, CEO David Bronner, whose tenure at the $48.7 billion Alabama Retirement Systems stretches back over 50 years, highlighted how the investor is already seeing the consequences of Trump's strategies manifest in the portfolio. "Big institutions don't work well with instability," he said, speaking during a recent board meeting and report on three month returns at the Montgomery-based pension fund. "When you got 21 per cent returns for the previous 12-months of the fiscal year and you are now getting negative, and the only thing you can hang you head on is that you are less negative than others [it shows] we have a whole new game that I've never seen in my lifetime. Nothing compares to what is bouncing balls right now. We are flying blind in my opinion."

Largest Public Pension Funds Lost $169B During Tariff Rollout

By Matt Toledo, Chief Investment Officer, April 9, 2025

From April 3 through April 8, the 25 largest state and local pension funds in the U.S. collectively lost $169 billion following the announcement and rollout of President Donald Trump's new tariff policy, according to research from the Equable Institute. These funds, representing roughly two-thirds of public pension assets in the U.S., have seen a total of $248.8 billion in value lost from public equities this year, not counting losses from other asset classes, such as fixed income and private assets. The S&P 500 has fallen nearly 15% year-to-date. It is unclear how much Wednesday's rally in U.S. public equities offset the paper losses pension funds have experienced so far in 2025.

Mississippi Takes an Important Step Toward Pension Sustainability

by Chris McIsaac, R Street, April 9, 2025

One of the worst-funded public pension plans in the nation is set for a major overhaul under a new law approved by Mississippi lawmakers during the state's recently concluded legislative session. Starting Jan. 1, 2026, newly hired public workers in Mississippi will enroll in a "hybrid" retirement plan that combines elements of a traditional pension and a 401(k). This new plan design will help slow the growth of pension liabilities over time and reduce the risk of accumulating more pension debt in the future. In addition, approval of this important reform sets the stage for lawmakers to raise contributions to a level that will begin paying down the state's $26 billion unfunded pension liability. The Public Employees' Retirement System (PERS) of Mississippi is a $34 billion statewide pension plan that provides retirement benefits to state and local government workers. The plan is significantly underfunded, with the ratio of assets to liabilities standing at just 56 percent. By comparison, the national average funded ratio for state and local pensions was 80 percent in 2024, including seven states with plan ratios that exceeded 100 percent.

'The state's pension system is broken.'

IAFF News, April 11, 2025

Alaska closed its pension system in 2005, forcing public employees into a 401(k) plan and substantially reducing retirees' earnings after a life of public service. Now, two bills in the state legislature look to restore pensions and ease a host of issues that have followed in the decades since. At the Alaska Professional Fire Fighters Association's (AKPFFA) Legislative Conference, Local 4303 Secretary Sadie Inman, a fire fighter-paramedic, is living her dream in the Last Frontier, a dream that began when she moved to Alaska for college. But beneath her pride in her career and love for her new home lies a deep concern. "The reality is the state's pension system is broken," said Inman. "I'm left with a tough choice, stay in a state where my future is uncertain or leave for somewhere that offers a dignified retirement." Alaska is the only state without a defined-benefit system for public safety members. In 2005, following a funding error in 2002, the state closed the defined-benefit pension system for its Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) and switched from its original pension plan to a 401(k)-style plan. Under the new system, employees contribute 8% of their pay, with employers adding 5% for PERS and 7% for TRS. However, this shift has led to high turnover, with some reports estimating workers leaving at a rate 4.5 to 4.7 times greater than before. According to a report by Empower, a major 401(k) provider in Alaska, the median 401(k) balance for individuals in their 60s is $210,724. This amount is insufficient for a retirement lasting 20 years, especially when the recommended living wage for an adult in Anchorage is $49,246 per year. Someone relying solely on a 401(k) would likely outlive their retirement savings. House Bill 78 has emerged as a key solution. The bill would give certain public-sector employees the option to choose between a traditional defined benefit (DB) pension plan and the current defined contribution (DC) plan, providing a potential pathway to greater financial security in retirement. At the same time, Senate Bill 28 mirrors the House bill and both bills are currently under consideration in the Alaska Legislature.

Corporate Pension Funding Ratios Continued to Decline in March

By Matt Toledo, Chief Investment Officer, April 11, 2025

The funded status of U.S. corporate pension plans continued to fall in March, primarily as a result of a significant decline in equities during the month. Corporate funding ratios have largely increased month over month for the past year, but declined in both February and March. The value of pension plan liabilities declined during the month, a result of a rise in the discount rates used to value these liabilities, but any decline in the value of liabilities was offset by a decline in asset values, primarily driven by the decline of the stock market. According to Milliman, the funded surpluses of the largest 100 U.S. corporate pension plans fell by $7 billion during March; the funding ratios of these plans fell to 104.1%, down from 104.6% in February. Pension liabilities fell by $18 billion to $1.25 trillion during March, according to Milliman. Pension assets fell by $25 billion during the month to $1.3 trillion, a result of investment returns of negative 1.38%.

Corporate pension fund surpluses remain strong in 2024, sponsors exploring more options

By Rob Kozlowski, P&I, April 21, 2025

U.S. corporate pension funding ratios remained high at the end of 2024, with more plans reporting surpluses and mulling over their options on how to spend those surpluses, experts say. Even with recent market volatility, they say corporate plans are far better hedged for downturns since the global financial crisis. The publicly traded U.S. companies with the 100 largest defined benefit plans showed an aggregate funding ratio of 97.9% as of Dec. 31, according to Pensions & Investments' analysis of the latest 10-K filings. That's a slight drop from the aggregate ratio of 99.9% in the P&I analysis a year earlier. However, the number of plans reporting funding surpluses did rise in 2024. Of the 100 measured plans, 55 had funding ratios of 100% or more, compared with 49 plans that reported that level of funding last year, while 36 plans even had funding ratios of 110% or more, an increase from the 30 plans that reported that level of funding at the end of 2023.

Public pension funding ratios dip below 80% due to negative returns — Milliman

By Rob Kozlowski, P&I, April 21, 2025

Public pension funding ratios dipped just below 80% in March, according to the Milliman 100 Public Pension Funding index. As of March 31, Milliman's estimated funding ratio was 79.5%, down from 81.1% the month before, primarily due to negative investment returns. Milliman's estimated aggregate investment return for March was -1.6%, and individual public pension plans experienced estimated investment returns ranging from -3.1% to -0.1% for the period. Estimated assets totaled $5.2 trillion as of March 31, down from $5.29 trillion a month earlier, while estimated liabilities totaled $6.54 trillion, up from $6.52 trillion as of Feb. 28. The market volatility in March pushed five plans below the 90% funding level during the period, leaving only 25 of the largest 100 public pension plans above that threshold.

Trump tariffs cause 25 top state and local pension funds to lose $169B in assets: Equable

By Lynn Cavanaugh, ALM Benefits Pro, April 10, 2025

While financial experts have been acknowledging the panic many Americans are feeling about their 401(k)s since the stock market plummeted on Monday, after President Trump's announcement of global tariff increases last week, there are some substantial financial casualties: The top 25 state and local pension funds have lost approximately $169 billion during the four trading days of April 3-8 following the Trump tariff announcement, according to the Equable Institute. The new tariff policies are now affecting pension funds in the following ways, according to Equable: **"Significant" public equity losses:** For all of top 25 pension funds (such as New York City Public Pension Funds, **Florida Retirement System** and New Jersey Common Pension Fund, to name a few), **Private capital and fixed income losses:** **Real assets and real estate investments**: **Cash flow concerns.**

Conflicting Rulings and Looming Congressional Inquiries Create New Levels of Complexity for State and Local Government Retirement Systems

By Robert D. Klausner of Klausner Kaufman Jensen & Levinson, National Law Review, April 7, 2025

Two recent decisions from the United States District Court for the Northern District of Texas have created confusion among private-sector retirement trustees governed by the Employee Retirement Income Security Act (ERISA) as to the factors to be considered in making investment decisions and assets allocations. Although state and local government retirement plans are exempt from ERISA, the fiduciary standards for investment of plan assets are generally the same in state laws as they are in ERISA. The first decision issued on January 10th in Spence v. American Airlines determined that the trusts of the airline's retirement plan for pilots failed to abide by the fiduciary duty of loyalty by considering matters other than pure economic return. The managers were criticized for their inclusion of ESG (environmental, social, governance) issues in the proxy voting and shareholder activism of the companies. Although there was no evidence presented that the particular investment offerings performed any less well than investment offerings with no ESG component. A different judge in the Northern District of Texas in Utah v. Micone, upheld the Biden-era rules from the Department of Labor (DOL) allowing ESG considerations if the economic or pecuniary measures of an investment were the same with an ESG as those without. When read side by side, Spence and Utah reach diametrically opposing results. So, where does that leave a prudent fiduciary? It leaves them uncertain and confused. More significantly, it leaves fiduciaries with the choice of selecting less potentially successful financial decisions that have an element of ESG consideration in favor of those decisions that eschew ESG altogether even though doing so may increase risk or decrease reward.

PitchBook's pension fund return tracker

By Jessica Hamlin, Jordan Rubio & Rosie Bradbury, Pitchbook, April 7, 2025

Private market investments are fueling the American retirement system. Over the past few decades, the largest public pension plans in the US have poured hundreds of billions of dollars into private equity funds and acquired direct stakes in private companies. In FY 2024, Calpers, the largest public pension plan in the country, further increased its allocations to private assets to capitalize on what it saw as ongoing growth in PE, investing over $90 billion into the private markets. Now, many pensions are entering a new era of private market investing, with direct and co-investments at a decade-high. Leading the sea change is the country's second largest fund, Calstrs, which is building out its in-house, direct-investing capabilities to reduce the fees it pays for fund management and to gain more control over underlying assets. **FRS** has $257.5 Billion in private equity, earning 10.5% for its one-year investment return.